

1. Eligibility

Artists, writers, composers and sculptors in Ireland can apply to the Revenue Commissioners for an Artists' Exemption. The Artists' Exemption allows the sale of artistic works that meet the Revenue's criteria to be exempt from tax in Ireland. From 2015 the cap on this tax-free amount is €50,000 per annum of **profits or gains earned** (i.e. income less expenses). The exemption covers artistic works that are considered to be **original and creative** and have **either cultural or artistic** merit. The Revenue Commissioners may consult a relevant person or body, such as the Arts Council, to assist in reaching a decision on some applications.

2. GUIDELINES AND RULES

Following guidelines that have been drawn up by the Arts Council and the Minister for Arts, Heritage and the Gaeltacht, the Revenue Commissioners make a determination as to (i) the **originality and creativity** of the work; and (ii) the **cultural or artistic** merit of the work. It is worth noting that it is not necessary for the work to be viewed as **both** culturally and artistically significant.

According to the Revenue Commissioners' guidelines, the terms 'original and creative', 'cultural merit' and 'artistic merit' can be defined as follows:

- A work shall be regarded as **original and creative** only if it is a unique work of creative quality brought into existence by the exercise of its creator's imagination.
- A work shall be regarded as having **cultural merit** only if by reason of its quality of form and/or content it enhances to a significant degree one or more aspects of national or international culture.
- A work shall be regarded as having **artistic merit** only if its quality of form and/or content enhances to a significant degree the canon of work in the relevant category.

The following types of work will not be regarded as 'original and creative':

- A book or other piece of writing where the principal purpose of the material is (i) as a support to students pursuing a course of study; or (ii) to aid learning for people involved in any trade, profession, vocation or branch of learning.
- An article or series of articles published in a newspaper, magazine, book or elsewhere; however, a series of articles by the same author which are connected by a common theme and can be deemed to exist independently may be considered.
- Types of plays that are written for advertising purposes which do not exist independently in their own right by reason of quality or duration.
- Adaptations, arrangements, and versions of musical compositions by a person other than a bona fide composer who is also actively engaged in musical composition.
- Types of photographs or drawings that have not been collectively created for an artistic purpose; photos and drawings that are purely utilitarian in function and which do not exist independently in their own right by reason of quality or by reference to their potential for inclusion as part of an art exhibition.
- Types of objects that are primarily functional in nature; objects that have not been produced by hand; or objects produced by hand by people other than those actively engaged as bona fide artists in the field of visual arts.

3. RESIDENCY

People who are claiming Artists' Exemption must be **resident**, or **ordinarily resident and domiciled**, in the State. However, the Revenue Commissioners are prepared to give **advance opinions** regarding the exemption to claimants who are **resident abroad**. If these claimants receive a positive advance opinion, they are given a formal determination in respect of the Artists' Exemption **once they take up residence** in the State.

4. HOW TO APPLY

Applicants for the Artists' Exemption should submit a claim form to the Revenue Commissioners. They should also submit samples of work and supporting documentation where appropriate. The following guidelines for submissions are required for different categories of artists:

- Books or other writing: **three** published copies of the book.
- Plays: **one** copy of the play, together with a signed production contract.
- Musical compositions: CDs or cassettes which show accreditation for claimant, along with evidence of royalty statements.
- Paintings or other similar pictures: **six** photographs of work, invoices and your CV, if available.
- Sculptures: **six** photographs of work, invoices and your CV, if available

Where to Apply

Office of the Revenue Commissioners
 Artists' Exemption Unit
 1st Floor
 Stamping Building
 Dublin Castle
 Dublin 2
www.revenue.ie
 Tel +353 1 8589820 / 25 / 32
 Fax +353 (0)1 6799287
 Email direct-taxes-admin@revenue.ie

You can also download the claim forms from the Revenue Commissioners' website: www.revenue.ie/en/tax/it/reliefs/artists-exemption.html).

5. INCOME TAX REQUIREMENTS

If an application for the Artists' Exemption is successful, any earnings derived from these works are exempt from income tax for the year in which the claim is made. This is subject to the restriction of €50,000 mentioned above.

The following payments are exempt from tax when they are made to an artist who has received an Artists' Exemption:

- Arts Council bursaries.
- Residencies which are paid directly by the Arts Council for producing a qualifying work.
- Cnuas payments made under the Aosdána scheme.
- Advance royalties.
- Payments from the sale of works that are considered eligible under the Artists' Exemption scheme (see **1. ELIGIBILITY** above).

You must return your Artists' Exempt profit figure on your **Form 11** income tax return. Note that the only relief available on qualifying artist exempt profits is that of income tax (20% –41% rate).

PRSI and **USC** are both payable on all income, including your artist-exempt profits. Therefore, for artist-exempt profits under €50,000 (but above €5,000) the rates of deductions would be as follows:

First €12,012	5% (2% USC + 4% PRSI)
Next €6,656	7% (3% USC + 4% PRSI)
Next €31,332	9.5% (5.5% USC + 4% PRSI)

These charges are collected as normal through your **Form 11** income tax return (and should be included in your preliminary tax calculations).

USEFUL CONTACTS

- www.revenue.ie
- www.citizensinformation.ie
- Gaby Smyth: gaby@gasco.ie
- www.visualartists.ie
- www.charteredaccountants.ie
- www.artscouncil.ie

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